

# **General Michael V. Hayden: Extremely Well Qualified To Lead The CIA**

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**General Hayden Has Served At The Highest Levels Of The Intel Community.** General Hayden served as Director of the National Security Agency (NSA) for six years before assuming the position of Principal Deputy Director of National Intelligence. General Hayden has served in the intelligence community for more than 20 years and brings vast experience in technical and human source collection, intelligence analysis, and policy support, including overseas postings in Europe and Asia.

**General Hayden Has A Proven Track Record.** As NSA Director, General Hayden successfully led the Nation's largest intelligence agency through a generational change, while building a partnership between the NSA and CIA that is critical to our success in the War on Terror.

**General Hayden Is Committed To Intelligence Reform.** General Hayden played a key role in designing a new intelligence community to meet the threats of the 21st Century. He is committed to implementing the Intelligence Reform and Terrorism Prevention Act signed by the President in December 2004. He will bring his commitment to reform to the CIA.

## **General Hayden's Military Background Is A Valuable Asset**

**Six Prior CIA Heads Have Worn The Uniform Of The Nation's Armed Forces.** Six of the 19 previous Directors of Central Intelligence were senior military officials – Rear Admiral Sidney Souers, Lieutenant General Hoyt Vandenberg, Rear Admiral Roscoe Hillenkoetter, General Walter Bedell Smith, Vice Admiral William Raborn Jr., and Admiral Stansfield Turner. In addition, Admiral William Studeman served twice as Acting Director of Central Intelligence, and Lieutenant General Vernon Walters also served as Acting Director of Central Intelligence.

**General Hayden Was Nominated To Lead The CIA Because Of His Experience And Proven Leadership.** General Hayden is well-known and widely respected as an independent and creative thinker. The Senate agreed last year when it unanimously confirmed him to serve as Principal Deputy Director of National Intelligence.

**General Hayden's Background Will Enable Him To Improve Coordination Within The Intelligence Community.** Providing the best intelligence support to military commanders and cooperating closely with the Department of Defense are among the CIA's most important missions. Continued close coordination between the CIA and the Department of Defense is vital to winning the war on terror, combating the spread of weapons of mass destruction, and protecting the homeland.

## **General Hayden Will Build A Strong, Diverse Leadership Team**

**Ambassador Negroponte And General Hayden Will Ensure The CIA Leadership Team Is Experienced, Diverse, And Well-Suited To The Agency's Unique Missions.**

**The Deputy CIA Director's Background Will Complement General Hayden's Experience.** The leading contender to serve as General Hayden's deputy is a 23-year veteran of CIA's clandestine service who held a series of managerial positions in the field and at CIA Headquarters, including several senior leadership posts in the Directorate of Operations.



May 12, 2006

## BY THE NUMBERS

From the Office of Strategic Initiatives  
202-456-2921

### Americans Support NSA's Efforts to Keep America Safe

#### ABC/WP Poll Finds Strong Support for NSA Phone Call Program

- ✓ **Nearly two-thirds want the government to investigate terrorists—even at the expense of privacy.** Sixty-five percent (65%) say it is more important for the government to investigate terrorist threats than it is for the government to respect their personal privacy rights.
- ✓ **Americans increasingly think government is protecting their rights.** Fifty-three percent (53%) say the government is doing enough to protect their personal rights, an increase of seven points from March, when 46% said so.
- ✓ **A majority approves of the President's handling of privacy rights.** Fifty-one percent approve of the way President Bush is protecting Americans' privacy rights as the government investigates terrorism.
- ✓ **More than six in ten Americans support the NSA's phone record database.** Sixty-three percent of Americans (63%) say the NSA's program to analyze calling patterns to identify possible terrorism suspects is acceptable—and 41% say they "strongly" support it.

Source: ABC News/*Washington Post* Poll, 5/11/06, Adults

# Comprehensive Immigration Reform

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## *Securing America's Freedom, Homeland, and Borders*

### Comprehensive immigration reform must begin with securing our borders.

- Our national security depends on border security. We need to know who is coming into the country, where they are from, and what they are doing here.
  - No reform of the immigration system will be successful unless Congress makes a definitive commitment to ensure that the agencies responsible for stopping illegal immigrants have the resources that they need to get the job done.
- Without properly securing our borders, we remain vulnerable to those who may enter our country undetected – criminals, terrorists, and other individuals who may mean harm to Americans.
- We must ensure our border patrol agents have the resources, the manpower, and the technology to do their jobs.

### America is a nation of immigrants. We are also a nation of laws.

- America has been built on the hard work and innovation of immigrants. Our country thrives on the new ideas and fresh energy that our many legal immigrant groups continue to bring. It is part of what makes our country great.
  - America will remain a nation of immigrants, regardless of what we do legislatively because of the number of legal immigrants that we welcome to our shores every year.
  - We invited over 1 million new permanent immigrants last year – much more than any other nation. And we accept over 6 million applications for immigration benefits each year.
- But America has also been founded on respect for the rule of law, and those who enter our country illegally disrespect our laws and take advantage of our generous immigration system.
- We must find a comprehensive solution that acknowledges the important contributions legal immigrants make to our country without rewarding illegal behavior.
  - We must remove the magnet of illegal employment and enable employers to determine whether their workers are legal. All employers must be held accountable.

**Comprehensive immigration reform must reflect America's best values – fairness, opportunity, and respect for the rule of law.**

- Comprehensive immigration reform must provide a temporary worker program that unites willing employers with willing temporary workers when no U.S. citizen is available to do the job.
- We must find a way to address those individuals already here illegally in a way that is humane and realistic, but does not provide amnesty.
  - As a critical part of controlling future illegal immigration, there must be a temporary program that addresses the illegal immigrants already here.
  - A viable temporary worker program – when we know who has entered the country, who their employer is, and where they are working – will guard against abusive labor practices.
  - Citizenship is an incredible privilege and millions have patiently waited their turn to legally immigrate. We must find a way to address those individuals already here illegally, in a way that is humane and realistic but does not allow people to “cut in line.”
- Securing our borders and eliminating illegal employment will control illegal immigration. But no solution is complete unless we deal with the illegal immigrants already living here. True reform must bring those workers out of the shadows, but amnesty is not an option.

# President Requests Funds to Strengthen Border Security

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Recently, the President sent Congress a request for **\$1.948 billion in emergency funding to help secure America's borders**. The request includes funding for the first 1,000 of 6,000 new border patrol agents that will be deployed in the next two years and the resources to train them, the temporary deployment of up to 6,000 National Guard troops to assist the Border Patrol with surveillance and logistics, new border security technology and infrastructure, and 4,000 new detention beds.

- **The President believes America can be a lawful society and a welcoming society at the same time.** We will fix the problem of illegal immigration, and we will deliver a system that is secure, orderly, and fair.
- **Border security is part of the President's vision for comprehensive immigration reform.** The President outlined to the American people Monday night a five-point plan that includes increased border security, a temporary worker program, accountability for employers, a strategy to deal with the millions of illegal immigrants who are already here without granting amnesty, and continuing America's melting pot tradition.
- **This request does not increase the cost of the Administration's supplemental request.** These funds are offset by reductions elsewhere in the Administration's original emergency request for the War on Terror. The President will veto the emergency supplemental appropriations bill if it exceeds \$92.2 billion for any reason other than funding needed to prepare for a possible avian flu pandemic or if it includes non-emergency or wasteful spending.

## Department of Homeland Security: \$1.172 billion

### **Customs and Border Protection & Federal Law Enforcement Training Center: \$830 million**

- **More Border Patrol Agents:** \$235 million for 1,000 new Border Patrol agents and related support costs, \$50 million for additional recruiting and expanded training capacity at the Border Patrol Academy, \$25 million to expand the Federal Law Enforcement Training Center, and \$20 million for additional office staff to free-up agents for law enforcement duties. Funding for 1,500 additional agents was included in the President's FY2007 Budget and funding for 3,500 agents will be sought over the next two years, in order to deploy 6,000 new agents by the end of 2008.
- **Increased Physical Security:** \$250 million for enhanced security infrastructure including vehicle barriers, lighting, all-weather roads, and fencing, as well as \$75 million for new high-tech communication and command and control resources.
- **More Air Support:** \$95 million for two additional unmanned aerial vehicles and five additional helicopters.
- **New Facilities and Equipment:** \$50 million for new and expanded stations, checkpoints, and forward operating bases to accommodate new agents and their supplies, and \$30 million to replace worn-out vehicles in the Border Patrol's 9,000-vehicle pool.

## **Immigration and Customs Enforcement & State and Local Government Assistance: \$342 million**

- **Detention Beds to End Catch-and-Release:** \$80 million for 4,000 new beds, which will help end catch-and release along the southern border.
- **Detention Staff:** \$70 million for detention and removal staff and \$30 million for enhanced fugitive operations and detention alternatives.
- **Increased Removal and Transportation:** \$97 million to transport aliens and return them to their own countries.
- **Assisting State and Local Efforts:** \$50 million to train state and local law enforcement authorities to assist the Border Patrol and other Federal officers on targeted enforcement missions, and \$15 million for “Operation Stonegarden” initiatives in selected states to enable state, local, and tribal law enforcement personnel to coordinate directly with Federal Customs and Border Protection personnel to increase patrol presence, provide traffic-control support at the border and at checkpoints, and participate in Integrated Border Enforcement Teams.

## **National Guard: \$756 million**

- **To Help During This Period Of Transition And In Coordination With Governors, Up To 6,000 National Guard Members Will Be Sent To Our Southern Border.** The Department of Homeland Security, and specifically the Border Patrol, will remain in the lead. National Guard units will assist the Border Patrol by operating surveillance systems, analyzing intelligence, installing fences and vehicle barriers, building patrol roads, and providing training. National Guard units deployed to our border will not be involved in direct law enforcement activities – that duty will be done by the Border Patrol.
- **This Initial Commitment Of Guard Members Would Last For One Year.** After that, the number of National Guard members will be reduced as new Border Patrol agents are added and new technologies come online. At any one time, these 6,000 Guard members account for less than 2 percent of the total National Guard force of more than 440,000. Guard members will be deployed in two- to three-week rotations to meet this 6,000 person level. We have enough National Guard members to deploy to our border, while continuing to respond to natural disasters and fight and win the War on Terror.
- **The President Is Committed To Working With Our Nation’s Governors.** Military personnel will be employed consistent with applicable Federal, state, and local law. The National Guard Bureau will serve as the coordinating authority to deploy National Guard units from across the country to perform the border security mission in support of DHS. The National Guard units will remain under the command and control of their respective State Governors and Adjutants General.
- **The United States Is Not Going To Militarize The Southern Border.** Mexico is our neighbor and friend. We will continue to work cooperatively to improve security on both sides of the border, confront common problems like drug trafficking and crime, and reduce illegal immigration.

**Department of Justice: \$20 million.** New funding is requested for additional administrative law judges, immigration attorneys, and technical and clerical staff to support the timely disposition of an expected increase in immigration hearings, and new funding for enhanced law enforcement efforts by United States Attorneys along the southern border.

**The Request does not increase the cost of the Administration's supplemental request.** The President has promised to veto the emergency supplemental bill if it exceeds \$92.2 billion for any reason other than for preparations for a possible avian flu pandemic or if it includes non-emergency or wasteful spending. Today's request is consistent with that promise. The funds are fully offset by reductions elsewhere in the Administration's original February supplemental request by delaying certain less-urgent military procurement efforts to future appropriations legislation. There will be no proposed reductions that would impact personnel or operational activities necessary to the War on Terror. Many of these offsets are similar to ones already identified by Congress.

### **The House And Senate Must Pass A Comprehensive Immigration Reform Bill**

- **All Elements Of This Problem Must Be Addressed Together – Or None Of Them Will Be Solved At All.** The House has passed an immigration bill. The Senate should act by the end of this month – so that the House and Senate can work out their differences and send the President a comprehensive bill to sign.
- **America Needs To Conduct This Debate In A Reasoned And Respectful Tone.** Feelings run deep on the matter of immigration – and as we work out this issue, all of us need to keep some things in mind. We cannot build a unified country by inciting people to anger, or playing on anyone's fears, or exploiting the issue of immigration for political gain. We must always remember that real lives will be affected by our debates and decisions, and that every human being has dignity and value no matter what their citizenship papers say.

## Jobs/Economy





# Securing America's Competitiveness and Creating Jobs Through A Growing Economy

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Even with continued hurricane recovery and high energy prices, the nation is enjoying sustained job creation and robust economic expansion under Republican leadership. Republicans are working to ensure that every American has economic security and the opportunity for a good-paying job.

**Republican pro-growth tax policies enacted in 2001 and 2003 tax relief bills have fueled nearly 3 years of job creation and 4 1/2 years of overall economic growth. More Americans are working today than ever before.**

- **JOBS:** Since August 2003, the economy has created nearly 5.3 million jobs (138,000 new jobs in April). The economy has experienced 32 consecutive months of job growth and is creating better jobs in high-wage fields. The nation's unemployment rate is 4.7%, lower than the averages of the last four decades.
- **GDP:** The U.S. economy has experienced 18 consecutive quarters of GDP growth. The economy grew at a 5.3% annual rate in the first quarter, up from 1.7% in fourth quarter 2005, the fastest rate in two-and-a-half years and faster than any major industrialized nation. In just two-and-a-half years, real GDP has grown by an impressive 9.3%.
- **PRODUCTIVITY/WAGES:** Productivity in the business sector grew at a rate of 3.4% in first quarter 2006. Real compensation per hour increased at a 3.6% rate – 8.7% higher than the peak of the business cycle in early 2001.
- **TAX REVENUES:** Federal tax revenues surged in April with corporate tax receipts a record \$44 billion, reflecting the strong economy. To date, total tax receipts for FY 2006 are at an all-time high. Federal revenues for FY 2005 totaled \$2.15 trillion – the highest level ever.
- **BUSINESS INVESTMENT:** Business investment has grown at a strong average annualized rate of 9.2% in the 11 quarters since 2003 tax relief lowered tax rates on dividends and capital gains.
- **CONSTRUCTION:** Construction spending and homebuilding are at all-time highs.
- **CONSUMER SPENDING:** Consumer spending accelerated in March, as personal incomes grew at the fastest pace in six months and household wealth is at an all-time high.
- **HOMEOWNERSHIP:** Homeownership has reached all-time highs. More than two-thirds of Americans own their homes today.

**Republicans enacted the 2006 tax relief extension bill to keep the economy growing and prevent a big Democrat-supported tax increase on America's families, investors and small businesses.**

- It is important to keep in place tax policies that have fueled strong U.S. job creation and economic growth.
- Preventing automatic tax increases will ensure that Americans continue to have more of their own money to spend, save and invest.
- Democrat tax-and-spend policies would reverse the jobs and economic gains we have made under Republican leadership.

**Republicans are working to restrain government spending by enacting a fiscally responsible 2007 budget resolution to keep the economy strong.**

- The Senate-passed 2007 budget resolution holds down non-defense discretionary spending and cuts the deficit in half by 2008. With the Senate-passed budget resolution, the deficit will fall by more than half from the \$521 billion projected in Fiscal Year 2004.
- In addition, Republicans last year enacted the Deficit Reduction Act to curb wasteful spending as a positive step toward restoring fiscal discipline in Congress. The Deficit Reduction Act slows the rate of growth of mandatory spending and saves American taxpayers \$39 billion over the next five years and \$100 billion over the next decade.
- Republicans believe constraining the growth of entitlement spending is critical to keep America's economy strong.

# Extending The President's Tax Relief: A Victory For American Taxpayers

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**President Bush Signed The Tax Increase Prevention And Reconciliation Act Of 2005, Extending His 2003 Tax Cuts On Dividends And Capital Gains.** This legislation also contains an Alternative Minimum Tax (AMT) patch enabling millions of middle income families to avoid paying higher taxes in 2006.

**In The Past Five Years, The President's Tax Relief Has Helped Spur Growth By Keeping \$880 Billion In The Pockets Of American Taxpayers.** We reduced taxes for every American who pays income taxes, doubled the child tax credit, reduced the marriage penalty, created new incentives for small businesses to invest, and put the death tax on the road to extinction. The American people have used the tax relief to provide for their families, create jobs, and help make America's economy the envy of the industrialized world. The President's tax relief helped our economy grow at a strong 4.8 percent annual rate in the first quarter and helped our economy create more than 5.2 million jobs since August 2003.

## The President's Tax Relief Is Letting Americans Keep More Of Their Own Money

**The President's Tax Cuts On Dividends And Capital Gains Have Succeeded In Lowering The Cost Of Capital And Encouraging Businesses To Expand And Hire New Workers.** Lower tax rates on dividends and capital gains reduced the effective tax rate on business investment by more than 15 percent. When these cuts were passed in 2003, business investment had been dropping for several years. Since then, business investment has been growing at more than 9 percent per year. Spending on equipment and software has hit record levels, and businesses have hired millions of new workers to fill the jobs this investment creates.

**The President's Tax Cuts On Dividends And Capital Gains Are Reaching Families And Businesses Alike.** About half the households in America – 57 million in all – have some investment in the stock market. By cutting the taxes on dividends and capital gains, we helped add about \$4 trillion in new wealth to the stock market and benefited Americans who own mutual funds, IRAs, and 401(k) plans.

**Dividend Tax Relief Benefits The More Than 28 Million Americans Who Rely On Dividend Income.** In 2003, 7 million seniors received income from dividends.

- In 2004, The Number Of Companies Paying Dividends Increased By 7.2 Percent Over 2003 – The Highest Since 1998.
- In 2004, The Amount Of Dividends Paid By S&P 500 Companies Reached A Record Level Of \$213.6 Billion, An Increase Of 33 Percent Over 2003.

**The Temporary Alternative Minimum Tax (AMT) Patch Contained In The Tax Relief Package Enables About 18.2 Million Taxpayers To Avoid Facing Higher Taxes.** In 2005, about 4 million taxpayers were affected by the AMT. Without this temporary patch, the number would have risen to 22.2 million taxpayers in 2006.

## Because Of The President's 2001, 2003, And 2004 Tax Cuts, The Treasury Department Estimates That In 2006:

- 111 Million American Taxpayers Will Save An Average Of \$1,877.
- A Family Of Four Making \$40,000 Will Save \$2,010.
- More Than 5 Million Individuals And Families Will Have Their Income Tax Liabilities Totally Eliminated.

- 44 Million Families With Children Will Save An Average Of \$2,493.
- 14 Million Elderly Individuals Will Save An Average Of \$2,043.
- 25 Million Small Business Owners Will Save An Average Of \$3,641.

### **Strong Economic Growth And Disciplined Spending Is The Right Way To Reduce The Federal Deficit**

**In FY05, Tax Revenues Grew By \$274 Billion – An Increase Of Nearly 15 Percent Over The Previous Year.** So far this year, tax revenues are 11 percent higher than at the same point last year, which is better than projected. More than a quarter of these new tax revenues come from corporations, who pay more taxes as they prosper in our growing economy. By growing the economy, we are staying on track to meet our goal of cutting the deficit in half by 2009.

- **Growing The Economy And Reducing The Deficit Also Depend On Controlling The Spending Appetite Of The Federal Government.** Every year since the President took office, the Administration has slowed the growth of discretionary spending that is not related to the military or homeland security. The President's last two budgets cut discretionary spending that was unrelated to the military or homeland security.
- **If The Emergency Supplemental Bill – Which The President Has Requested To Help Fund The War On Terror And Hurricane Recovery – Includes Non-Emergency Or Wasteful Spending Or Exceeds The President's Set Limit Of \$92.2 Billion Plus Funding To Prepare Our Nation For A Pandemic Flu Emergency, He Will Veto It.** Americans' tax dollars must be spent wisely or not at all.

### **The President's Tax Relief Has Helped America's Economy Hit Full Stride**

**GDP Grew At A Strong 4.8 Percent Annual Rate In The First Quarter.** This follows our economic growth of 3.5 percent in 2005 – the fastest rate of any major industrialized nation last year.

**More Than 5.2 Million Jobs Have Been Created Since August 2003, And 138,000 Jobs Were Created In April.** The unemployment rate is 4.7 percent, lower than the average of the 1960s, 1970s, 1980s, and 1990s.

**Productivity Increased At A Strong Annual Rate Of 3.2 Percent In The First Quarter.**

**Hourly Compensation Rose At A 5.7 Percent Annual Rate In The First Quarter.** Average hourly earnings have risen 3.8 percent over the past 12 months, their largest increase in nearly five years.

**Real After-Tax Income Has Risen By 13.8 Percent Since January 2001.** Real after-tax income has risen by \$2,398 (8.2 percent) per person since January 2001.

**The Conference Board Index Of Consumer Confidence Increased In April To Its Highest Level In Almost Four Years.**

### **Most Congressional Democrats Opposed The President's Tax Relief That Helped Spark These Economic Gains**

**Last Week, Almost All Congressional Democrats Voted Against Extending The President's Tax Relief.** Most Congressional Democrats voted against the President's 2001 and 2003 tax relief as well.

# Senate Republican Jobs Agenda

- ✓ **Reduce the tax burden on American taxpayers and small businesses**—Passed The Tax Increase Prevention and Reconciliation Act of 2005 strengthens the economy and protects millions of families from a tax increase. Republicans have extended the lower dividend and capital-gain tax rates and the higher small business equipment expensing provisions through 2010 to continue creating jobs for Americans.
- ✓ **Energy Bill**— Passed a comprehensive energy reform bill that will help reduce energy costs, grow and diversify our domestic energy supply, encourage conservation and lessen America's dependence on foreign oil.
- ✓ **Highway Bill**—Passed the Highway Funding Bill that provides equitable and reliable funding for necessary infrastructure projects.
- ✓ **Free Trade Legislation**—Passed the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA), and the Bahrain FTA, which will promote freedom and democracy by expanding economic opportunity and security in our hemisphere and beyond. These FTAs will expand American job opportunities and allow American sales to grow and American manufacturers to gain through reduced tariffs.
- ✓ **Class Action Reform**—Passed class action reform reducing junk lawsuits by streamlining the legal process to ensure that injured Americans receive compensation.
- ✓ **Bankruptcy Reform**—Passed bankruptcy reform legislation to strengthen the economy and prevent abuse in the legal system.
- ✓ **Welfare Reform Reauthorization**—Passed the Deficit Reduction Act of 2005 builds on the success of previous welfare reform by expanding work opportunities and strengthening families in need.
- ✓ **Provide Vocational Education Programs**—Passed the Carl D. Perkins Career and Technical Education Improvement Act.
- ☐ **Asbestos Bill**—OBSTRUCTED—Senate Democrats obstructed reform that would have saved American jobs, helped injured workers, and protected businesses from frivolous lawsuits.
- ☐ **Gas Price Relief Legislation**—Committed to easing consumers' pain at the pump and reducing America's dependence on foreign oil by developing and diversifying our domestic energy supply.
- ☐ **Repeal the Death Tax**—Permanent repeal of the death tax is critical to continuing jobs and economic growth. The death tax is unfair, inefficient, and economically unsound.
- ☐ **Workforce Investment Act**—Senate Republicans want to provide American workers with enhanced opportunities to receive training for new and better jobs.

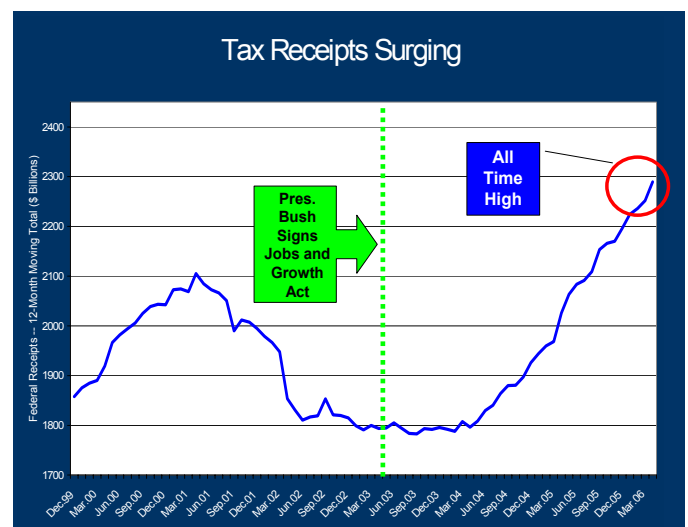
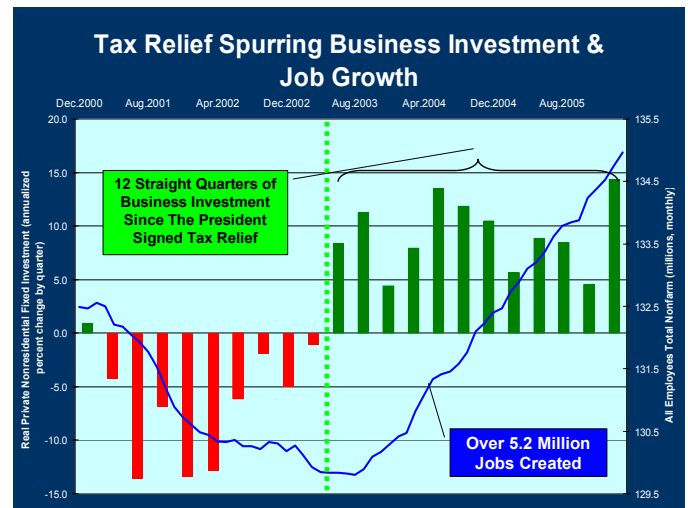


## TREASURY WEEKLY ECONOMIC UPDATE

### The Tax Relief Package Will Sustain U.S. Economic Growth & Strength

**Since May 2003 the U.S. economy has seen:**

- **A Rebound in Business Investment**
  - 12 straight quarters of business investment occurring immediately after May 2003, averaging 9.1%. Business investment fell in the nine quarters prior to May 2003.
- **Strong Economic Growth**
  - 5.3% economic (real GDP) growth for first quarter 2006 – fastest rate since 2003 – fastest of any major industrialized nation.
  - Average real GDP growth of 3.9 percent since 2003.
- **Robust Employment Growth**
  - Over 5.2 million jobs created.
  - 4.7% unemployment rate – lowest in four decades.
  - Hispanic unemployment rate lowest ever.
  - African American employment rate lower than the average of the 80's or 90's.
- **Wages & Wealth Increasing**
  - 3.6% increase in real compensation per hour – 8.5% higher than the peak of the business cycle in early 2001.
  - Real per-capita disposable income is 8.2% above the previous business cycle peak (March 2001).
  - Household wealth reached \$52.1 trillion in the fourth quarter of 2005 – an all-time high.
- **Surge in Tax Receipts**
  - Treasury is now reporting the highest annual tax receipts ever.
  - To date tax receipts are up 11% this year, over the 14.5% gain of last year.



*Source: U.S. Department of Treasury*



## **Investment Tax Relief Encourages Economic Growth**

### **Reasons the Administration designed and adopted investment tax relief policies:**

1. Weak economic expansion in 2001, 2002 and 2003 (negative business investment rate).
2. Lay the groundwork for higher economic growth over the longer term.

**Lower tax rates on dividends and capital gains reduced the effective tax rate on business investment by over 15 percent.**

**The lower tax rates reduce the double tax on corporate profits. As the President said when he proposed the dividend tax cut in 2003, income should not be taxed more than once, and the double tax on corporate profits is simply unfair. Reducing the double tax:**

- Encourages business investment, which improves labor productivity, and, ultimately, results in higher economic growth and living standards.
- Encourages firms to payout corporate profits as dividends, an important signal to investors and helps improve corporate governance.
- Encourages firms to rely less heavily on debt finance.

**Investment tax relief affects 57 million American families who own stocks either directly or indirectly.**

**Lower taxes on dividends are good news for the more than 35 million Americans, especially seniors, who rely on dividend income:**

- In 2003, 9 million seniors received income from dividends.
- In 2004, companies offering dividends increased by 7.2% over 2003 -- the highest for any year since 1998.
- In 2004, dividends paid by S&P 500 companies reached a record level of \$213.6 billion, an increase of 33% over 2003.

## **The AMT Patch in the Tax Relief Package Benefits Millions of Americans:**

- Left unchanged, the AMT will affect increasing numbers of taxpayers.
- The increasing number of taxpayer being caught in the clutches of the AMT is a problem that has been addressed by virtually every major tax bill passed by the Congress over the past several years.
- The President's Budget proposed extending AMT relief again -- a higher AMT exemption and allowing personal credits to be claimed against the AMT -- for 2006 to once again keep millions of taxpayer from being caught by the AMT.
- In 2005, about 4 million taxpayers were affected by the AMT. Without extending the AMT relief, this number would rise to 22.2 million taxpayers in 2006 (tax year).
- In the longer-term, the AMT is projected to continue to affect millions of taxpayers -- 56 million by 2016. However, because of how the AMT is intertwined with the regular tax and the revenue involved, the Administration believes a longer-term solution needs to be considered in the context of reform of the entire income system -- a project underway at the Treasury Department.



## COMBINED EFFECT OF THE ECONOMIC GROWTH & TAX RELIEF ACT OF 2001 AND THE JOBS & GROWTH RELIEF ACT OF 2003



	Entire EGTRRA and JGTRRA Acts <sup>1</sup>	Specific Provisions of the Acts					Addendum: Returns with Business Income <sup>3</sup> Benefiting from Acts
		New 10% Bracket	Reduction in Top Rates	Reduction of Marriage Penalty	Increase in Child Tax Credit	Reduction in Rates on Capital Gains and Dividends <sup>2</sup>	
United States	107,387	94,707	26,389	31,972	27,166	23,068	24,956
Alabama	1,503	1,288	280	454	443	281	324
Alaska	271	246	73	80	62	60	71
Arizona	1,961	1,727	453	594	514	407	420
Arkansas	883	759	140	281	254	161	211
California	12,658	11,079	3,554	3,630	3,050	2,893	3,265
Colorado	1,747	1,564	478	551	421	400	497
Connecticut	1,394	1,239	465	425	318	358	336
Delaware	331	297	90	97	83	73	63
Florida	6,553	5,717	1,442	1,815	1,636	1,337	1,541
Georgia	3,042	2,638	709	875	848	621	732
Hawaii	497	448	120	145	117	105	126
Idaho	474	418	81	168	130	93	138
Illinois	4,681	4,143	1,270	1,391	1,189	1,047	1,041
Indiana	2,295	2,057	494	740	612	471	484
Iowa	1,084	979	212	368	283	221	293
Kansas	986	879	207	332	260	206	253
Kentucky	1,387	1,221	257	453	371	272	310
Louisiana	1,441	1,229	261	396	424	259	322
Maine	500	449	95	158	124	100	135
Maryland	2,236	2,000	731	635	542	537	496
Massachusetts	2,564	2,299	821	751	553	633	632
Michigan	3,662	3,271	930	1,163	936	796	754
Minnesota	1,993	1,805	530	648	482	456	500
Montana	336	297	54	107	84	64	108
Mississippi	893	754	136	244	278	148	181
Missouri	2,066	1,834	429	651	541	418	460
North Carolina	3,034	2,645	623	927	846	601	711
North Dakota	242	219	41	79	60	48	76
Nebraska	650	584	127	214	168	132	173
Nevada	925	829	225	257	231	194	185
New Hampshire	536	486	147	174	127	125	130
New Jersey	3,416	3,004	1,138	1,015	811	858	749
New Mexico	642	559	124	183	171	121	145
New York	6,949	6,101	1,975	1,804	1,668	1,558	1,605
Ohio	4,427	3,991	1,047	1,214	1,032	902	883
Oklahoma	1,155	1,005	199	378	319	220	303
Oregon	1,299	1,157	292	414	325	274	336
Pennsylvania	4,676	4,185	1,106	1,443	1,160	1,002	943
Rhode Island	413	372	110	119	96	91	95
South Carolina	1,464	1,275	278	424	413	275	313
South Dakota	284	255	46	92	73	55	89
Tennessee	2,075	1,814	393	636	575	402	471
Texas	7,480	6,438	1,651	2,258	2,049	1,517	1,787
Utah	805	716	152	289	223	165	212
Vermont	247	224	53	76	58	52	72
Virginia	2,924	2,595	849	908	705	690	625
Washington	2,385	2,138	637	762	587	539	551
Wisconsin	2,144	1,946	496	697	536	459	465
West Virginia	582	510	94	199	156	110	111
Wyoming	195	176	42	65	50	41	56
DC	237	210	84	31	44	56	49
Other Areas	763	637	149	157	127	165	130

State-by-State  
Distribution  
(based on the number  
of returns filed in 2005  
that would have  
benefited from the acts  
– in thousands)

Source: U.S.  
Department of  
Treasury, Office of  
Tax Policy



## Additional Items



# Democrats Obstruct Medical Liability Reform and Small Business Health Plans Block key provisions that would improve access to quality, affordable health care

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*Democrats have once again blocked urgently-needed medical liability reform from even reaching the floor of the Senate for an up or down vote.*

**Senate Republicans are committed to delivering a balanced approach to medical liability reform that improves access to quality health care and reduces health costs:**

- Medical Care Access Protection Act of 2006 (S.22), a comprehensive medical liability reform bill, and
- Healthy Mothers and Healthy Babies Access to Care Act (S.23), a targeted ob/gyn medical liability reform bill.
- Both bills address our nation's current medical liability crisis which is forcing physicians, hospitals, and other health care providers to move out of high-liability states, limit the scope of their practices, and even close their doors permanently.

**Republicans seek to implement reasonable, comprehensive, and effective reforms to:**

- Reduce the incidence of costly "defensive medicine,"
- Provide appropriate financial relief to the injured,
- Improve the fairness and cost-effectiveness of our current liability system, and
- Lower the premiums and reduce health costs.

**Senate Republicans will work to overcome Democrat obstruction of medical liability reform to deliver a solution that protects patients, access, and quality.**

- Patients are the #1 priority.
- Patients have lost their doctors and the care they provided.
- Patients have been forced to travel great distances because doctors have been driven out of their communities by unnecessary costs.
- Every time another \$100 million verdict is awarded:
- Patients' monthly premiums and deductibles will increase,
- Patients' health care costs will increase, and
- Patients even less fortunate won't be able to afford the medical care they need.

*Democrats refused to allow a vote on Small Business Health Plan legislation that would help America's small business owners and working families.*

**Senate Republicans will consider legislation that will make health insurance more affordable for America's small business owners and working families.**

- Small Business Health Plans (SBHP) would give a small or family-owned business the opportunity to choose the health plan that is best for the owners, their families, and their employees.
- SBHP legislation will also cover more than one million uninsured Americans in working families.
- This bill will reduce the cost of health insurance for small employers by 12 percent – that's \$1,000 per employee – according to a respected actuarial firm.

**Senate Republicans are working to make health care more affordable, portable, transparent and efficient.**

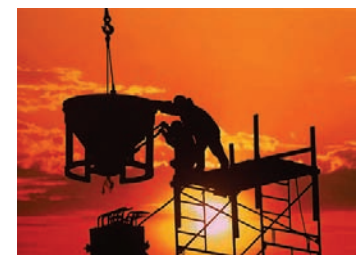
- Republicans passed the Patient Safety and Quality Improvement Act which created a voluntary system of medical error reporting to identify and resolve preventable medical errors.
- Republicans passed legislation to encourage adoption of information technologies in health care to reduce medical errors, improve quality of care, and lower health care costs.
- Republicans passed legislation to continue federal support for bone marrow and umbilical cord blood research that will make profound difference in the lives of thousands of patients.

*109th Congress*

# Securing America's Future



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